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## Where would you invest your hard-earned money?

**Article by James Pearson CCI, Chief Executive for the West Australian Business Brief column**

Where would you invest your hard-earned money?

Would you put it in an investment that was likely to grow strongly or one that was likely to grow slowly?

And what if you knew that the risk associated with the strong growth investment was similar to the risk associated with the slow growth investment?

It should be an easy decision. But for Canberra, when it comes to allocating GST revenues to different parts of the country, it doesn't seem that way.

The federal government has agreed to review the GST distribution process, and they deserve credit for that, because a review is long overdue.

The distribution of GST is complex, biased and opaque. It doesn't include all revenue, such as gambling taxes, and puts too much emphasis on equity between states over productivity.

WA is set to become the powerhouse of the Australian economy over the next five years, yet our share of GST revenue could fall as low as 33 cents in the dollar by 2015.

It's a perverse situation that penalises the strong growth areas of the national economy and fails to invest in the infrastructure needs that states such as WA need to make their growth sustainable.

Just over 10 percent of Australia's people live in WA, and they are responsible for 14.6 per cent of the nation's output, 22.9 per cent of the investment and almost 40 per cent of Australia's exports.

WA punches well above its weight.

Australians would be poorer if WA hadn't performed as well as we have over the past decade.

If WA had grown at the national rate since 2001, the national economy would be \$22.9 billion smaller than it is today. That's more than half a year's worth of GDP growth.

If WA's exports were in line with national exports, Australia's exports would be nearly half a trillion dollars lower over the past decade.

WA businesses recognise that all Australians expect to benefit from the wealth and jobs that investors, employers and workers in WA are creating and the taxes that we are paying.

But the share of public wealth – tax dollars – that WA needs in order to build the economic and social infrastructure to secure the massive projects in the pipeline for WA is greater than the current GST distribution process provides.

That's why CCI, in our submission to the GST review, and in our regular meetings with federal politicians and decision makers, is arguing for an open and transparent process for distributing GST that supports the growth areas in our national economy.

The return on that investment would be greater than in the current system, and so would benefit all Australians more.